



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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October 18, 2001

CERTIFIED RETURN RECEIPT  
7099 3400 0016 8896 4530

Lon Thomas  
Star Stone Quarries, Incorporated  
4040 South 300 West  
Salt Lake City, Utah 84106

Re: Division Directive to Replace Reclamation Surety, Star Stone Quarries, Inc., Heber Quarry (M/051/001) and Cotton Thomas Quarry (M/003/024), Wasatch and Box Elder Counties, Utah

Dear Mr. Thomas:

At the time you posted reclamation surety for the Heber Quarry and the Cotton Thomas Quarry, with Redland Insurance Company, you were informed that Redland Insurance Company was not listed on the Federal Department of Treasurer's Listing of approved sureties (Department Circular 570). At that time, you were also advised that the Division was in the process of changing the surety rule standards and if they were approved by the Board of Oil, Gas and Mining, you would have to replace these surety bonds.

The Division's new surety rules (R647-4-113) were approved by the Board of Oil, Gas and Mining and became effective October 1, 2001. The rules now require that a surety company have a rating of "A-" or better or a Financial Performance Rating of 8 or better, according to the A.M. Best's Key Rating Guide *and be continuously listed on the Department of Treasury, Circular 570*. Redland Insurance Company is still not listed on the Federal Department of Treasurer's Circular 570.

**Star Stone Quarries, Inc. is hereby directed to post replacement sureties for the Heber Quarry in the amount of \$102,500 and the Cotton Thomas Quarry in the amount of \$105,200 within 120 days of receipt of this letter, no later than February 25, 2002.** Utah Mining Law does not allow a large mine to operate without a secure form of reclamation surety in place at all times. You will also need to replace the Reclamation Contract (Form MR-RC enclosed) which is tied directly to the reclamation surety. Please inform us as to what form of

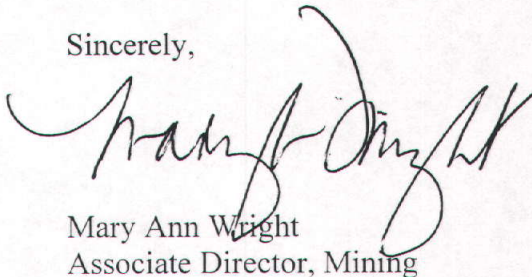


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surety you propose to post so we can provide you with the current bonding forms. Please provide the Division with a "draft" of the new replacement surety and Reclamation Contract, so that we can check them for completeness and accuracy, before they are finalized.

If you have any questions regarding this letter, please call me at (801) 538-5306 or D. Wayne Hedberg at (801) 538-5286. Thank you for your immediate attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright". The signature is fluid and cursive, with a large loop at the end.

Mary Ann Wright  
Associate Director, Mining

jb  
Enclosure: Form MR-RC  
Star Stone-surety.doc